

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 TRSE-00 SP-02 ICA-11  
AID-05 NSC-05 SS-15 STR-07 OMB-01 CEA-01 L-03  
H-01 PA-01 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00  
XMB-02 OPIC-03 /101 W  
-----047391 251201Z /13

R 250813Z APR 78  
FM AMEMBASSY TEHRAN  
TO SECSTATE WSHDC 7995  
INFO AMEMBASSY ISLAMABAD  
AMEMBASSY PARIS

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E.O. 11652: N/A  
TAGS: EFIN IR  
SUBJ: RESCHEDULING OF PAKISTAN DEBT TO IRAN

REF: A. STATE 103671, B. ISLAMABAD 1455, C. TEHRAN 01369

1. MINISTRY OF ECONOMIC AFFAIRS AND FINANCE UNDERSECRETARY,  
ASHRAFI, ONCE AGAIN CONFIRMED TO EMBASSY THAT (1) PAKISTAN  
NOW IN DEFAULT OF DOLS 85 MILLION REPAYMENT TO IRAN  
WHICH WAS DUE DECEMBER 31, 1977; (2) SECOND REPAYMENT  
ALSO FOR DOLS 85 MILLION IS DUE TO IRAN JUNE 30, 1978,  
WHICH ASHRAFI FEELS CERTAIN WILL ALSO BE DEFAULTED.  
REGARDING SECOND DOLS 85 MILLION REPAYMENT, AFHRAFI  
NOTED THAT GOI HAS NOT FORMALLY TOLD GOP THAT IT WOULD  
AGREE TO A SECOND DEFAULT BUT THAT GIVEN PARLOUS  
STATE PAKISTAN FINANCES SECOND DEFAULT SEEMS  
INEVITABLE. ASHRAFI SAID THAT DECEMBER 1977 DEFAULT  
AND UPCOMING JUNE 1978 DEFAULT PERTAIN TO THE 580  
MILLION DOLLAR LOAN TO GOP BUT THAT IN FACT IRAN  
HAS LOANED TO PAKISTAN NEARLY A BILLION DOLLARS.  
HE DID NOT HAVE THE PRECISE TOTAL FIGURE READILY  
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AVAILABLE BUT WAS FRANK IN EXPRESSING MILD DESPIR  
AT WAY THINGS WERE GOING, I.E., PAKISTANI DEFAULT  
ON ITS INTERNATIONAL OBLIGATIONS COUPLED WITH AN  
EVIDENT PARALYSIS ON PART OF WORLD BANK AND LENDING  
CONSORTIUM IN GETTING TOGETHER TO AGREE ON A  
RESCHEDULING OF PAKISTAN'S EXTERNAL DEBT.

2. ASHRAFI PUT CONSIDERABLE EMPHASIS ON FACT THAT WHILE GOI NOT FORMALLY A MEMBER OF CONSORTIUM OF COUNTRIES THAT HAVE LENT TO PAKISTAN, NONETHELESS IRAN VERY MUCH WANTS TO BE INCLUDED IN ANY DEBT RESCHEDULING MEETING. GOI MINISTER OF ECONOMIC AFFAIRS AND FINANCE YEGANEH HAS TOLD PAKISTAN AMBASSADOR HERE THAT IRAN STRONGLY FAVORS DEBT RESCHEDULING MEETING AND WANTS TO BE INCLUDED. ASHRAFI GAVE EVERY INDICATION THAT IRAN'S ROLE IN SUCH A MEETING WOULD BE CONSTRUCTIVE AND THAT GOI WOULD MAKE EVERY EFFORT TO HARMONIZE ITS FUTURE LENDING ACTIVITIES (AND COLLECTION EFFORTS ON DEFAULTED PAKISTAN'S DEBT TO IRAN) WITH VTRWS AND DECISIONS OF OTHER LENDING NATIONS. ASHRAFI THOUGHT THAT WORLD BANK OUGHT TO CHAIR DEBT RESCHEDULING MEETING POSSIBLY IN MAY OR JUNE, AND THAT GOI ONCE INVITED WOULD ATTEND THE MEETING REGARDLESS OF WHERE IT WAS HELD. ASHRAFI ASKED EMBOFF TO MAKE IT KNOWN IN WASHINGTON THAT IRAN WANTS TO BE INCLUDED AND TO PASS THIS WISH ALONG TO IBRD HEADQUARTERS IN WASHINGTON.

3. COMMENT: IT SEEMS CLEAR THAT IRAN, AS A MAJOR LENDER TO PAKISTAN, SHOULD INDEED BE INCLUDED IN DEBT RESCHEDULING MEETING AND WE HOPE THAT WASHINGTON AGENCIES CONCERNED WILL AGREE WITH THIS PROPOSITION. IT WOULD PROBABLY BE WISE ALSO TO INVITE IRAN TO JOIN LIMITED OFFICIAL USE

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THE RANKS OF LENDING CONSORTIUM FOR ANY FUTURE MEETINGS ON THE QUESTION OF PAKISTAN'S EXTERNAL DEBT. WE HAVE NO REASON WHATEVER TO DOUBT ASHRAFI'S STATEMENT THAT IRAN'S ROLE IN THE LENDING CONSORTIUM WOULD BE ENTIRELY CONSTRUCTIVE. OBVIOUSLY, OUR EFFORTS OVER TIME TO PERSUADE IRAN TO BE FORTHCOMING IN ITS BILATERAL AND INTERNATIONAL ORGANIZATION ASSISTANCE EFFORTS WILL BE MUCH ENHANCED IF WE GET BEHIND THIS IRANIAN WISH TO BE TREATED AS AN EQUAL AMONG THE LENDERS AS REGARDS THE TROUBLED PAKISTAN EXTERNAL DEB QUESTION.

4. ACTION REQUESTED: IF DEPARTMENT CONCURS IN ABOVE EMBASSY RECOMMENDATION, PLEASE GET IN TOUCH WITH IBRD AT SUITABLE HIGH LEVEL AND ASK THAT IRAN BE INCLUDED IN UPCOMING RESCHEDULING MEETING. ASSUMING IBRD AGREES TO THE IDEA, THEN A LETTER FROM IBRD PRESIDENT MACNAMARA TO YEGANEH WOULD BE THE APPROPRIATE VEHICLE TO THE INVITATION TO PARTICIPATE IN THE DEBT RESCHEDULING MEETING.

5. EMBASSY WOULD APPRECIATE BEING INFORMED BY

DEPARTMENT OF DECISION ON THIS MATTER SO THAT  
UNDERSECRETARY ASHRAFI, A MOST VALUABLE EMBASSY  
CONTACT, CAN BE ADVISED.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT DEBTS, NEGOTIATIONS, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
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**Original Handling Restrictions:** n/a  
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**Status:** NATIVE  
**Subject:** RESCHEDULING OF PAKISTAN DEBT TO IRAN  
**TAGS:** EFIN, IR  
**To:** STATE  
**Type:** TE  
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